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**NORTH LAFOURCHE CONSERVATION, LEVEE
AND DRAINAGE DISTRICT
State of Louisiana**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2012

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

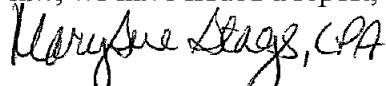
Board of Commissioners of the
North Lafourche Conservation, Levee and Drainage District
627 Jackson Street, Suite A
Thibodaux, Louisiana 70301

We have compiled the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the North Lafourche Conservation, Levee and Drainage District, a component unit of the State of Louisiana, as of December 31, 2012, and for the year then ended, which collectively comprise the District's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did not become aware of any departure from accounting principles generally accepted in the United States of America

Additionally, in accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated May 16, 2013, on the results of agreed-upon procedures.



Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
May 16, 2013

GOVERNMENTAL-WIDE FINANCIAL STATEMENTS

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 4,469,379.48
Accounts receivable: Taxes	2,947,715.64
Prepaid expenses	10,000.00
Total Current Assets	<u>7,427,095.12</u>
Non-Current Assets	
Deposits	75.00
Capital assets, net of accumulated depreciation:	
Land	303,873.37
Infrastructure - levee/drainage systems	10,633,309.13
Machinery and equipment	1,937,856.26
Total Non-Current Assets	<u>12,875,113.76</u>
Total Assets	<u>20,302,208.88</u>
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities	
Accounts payable	2,050.52
Due to other governmental agencies	172,506.45
Salary withholdings and related payables	4,755.00
Accrued salaries payable	4,372.83
Total Current Liabilities	<u>183,684.80</u>
Long-Term Liabilities	
Compensated absences payable	7,995.96
Other post-employment benefits payable	11,200.00
Total Long-Term Liabilities	<u>19,195.96</u>
Total Liabilities	202,880.76
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET POSITION	
Net investment in capital assets	12,875,038.76
Unrestricted	7,224,289.36
Total Net Position	<u><u>20,099,328.12</u></u>

See Accompanying Notes and Independent Accountants' Compilation Report

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

Functions/Programs Governmental Activities	Program Revenues			Net Revenues (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public safety/flood protection	\$ 1,960,763.00	\$ -	\$ 75,276.99	\$ -
Total Governmental Activities/Primary Government	1,960,763.00	-	75,276.99	(1,885,486.01)
General Revenues				
Taxes				3,999,650.53
Investment earnings				13,430.82
Refunds/reimbursements				1,154.35
Total General Revenues				4,014,235.70
Change in Net Position				2,128,749.69
Net Position, beginning				17,970,578.43
Net Position, ending				20,099,328.12

See Accompanying Notes and Independent Accountants' Compilation Report

FUND FINANCIAL STATEMENTS

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,469,379.48
Accounts receivable:	
Taxes	2,947,715.64
Prepaid expenses	10,000.00
Deposits	<u>75.00</u>
TOTAL ASSETS	<u><u>7,427,170.12</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	2,050.52
Due to other governmental agencies	172,506.45
Salary withholdings and related payables	4,755.00
Accrued salaries payable	<u>4,372.83</u>
Total Liabilities	183,684.80
 Fund Balances:	
Committed for:	
TLBB Storm Water Flood Protection	423,949.67
Legendre Canal Clearing and Maintenance Dredging	20,732.00
Weakened Levee/Valentine	500,000.00
Gheens/Company Canal Dredge	700,000.00
Company Canal Pump Station	100,000.00
Smithport/Delaune Levee Construction	299,996.00
Unassigned	<u>5,198,807.65</u>
Total Fund Balances	<u><u>7,243,485.32</u></u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>7,427,170.12</u></u>

See Accompanying Notes and Independent Accountants' Compilation Report

**NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2012**

Total Fund Balances - Total Governmental Funds	\$ 7,243,485.32
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Amounts reported for governmental activities in the
Statements of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in these funds. This is the reported amount of capital assets net of accumulated depreciation.	12,875,038.76
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. This is the long-term liabilities reported on the Statement of Net Position:

Compensated absences payable	(7,995.96)
Other post-employment benefits payable	<u>(11,200.00)</u>

Total Net Assets - Governmental Activities	<u><u>20,099,328.12</u></u>
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NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

	<u>General Fund</u>
REVENUES	
Taxes	\$ 3,999,650.53
Investment earnings	13,430.82
Refunds/reimbursements	1,154.35
Grants and contributions	<u>75,276.99</u>
Total Revenues	4,089,512.69
EXPENDITURES	
Public safety/flood protection	1,455,644.08
Capital outlay	<u>2,764,590.21</u>
Total Expenditures	<u>4,220,234.29</u>
Net Change in Fund Balances	(130,721.60)
Fund balances, beginning	<u>7,374,206.92</u>
Fund balances, ending	<u><u>7,243,485.32</u></u>

See Accompanying Notes and Independent Accountants' Compilation Report

**NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012**

Net Change in Fund Balances - Total Governmental Funds	\$ (130,721.60)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	2,265,071.29
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Governmental funds do not recognize long-term debt. This is the increase in other post-employment benefits payable during the year.	<u>(5,600.00)</u>
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Change in Net Position - Governmental Activities	<u><u>2,128,749.69</u></u>
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NOTES TO FINANCIAL STATEMENTS

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
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DECEMBER 31, 2012

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NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

INTRODUCTION

The North Lafourche Conservation, Levee and Drainage District, a component unit of the State of Louisiana, was created under the provisions of Louisiana Revised Statute 38:291. The District is domiciled in Raceland, Louisiana and provides flood protection through the maintenance of levees and drainage for those areas contained within its boundaries. The District is managed by a Board of Commissioners composed of 9 members that are appointed by the Governor of the State of Louisiana and serve terms concurrent with that of the Governor.

Commissioners, as authorized by Louisiana Revised Statute 38:308, receive a per diem to attend meetings or conduct board-approved business not to exceed \$75 per day.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the North Lafourche Conservation, Levee and Drainage District conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the District is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the board members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the North Lafourche Conservation, Levee and Drainage District.

Government-wide Accounting: In accordance with Government Accounting Standards Boards Statement No. 34, the District has presented a statement of net assets and statement of activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Interfund receivables and payable are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses, from one function to another or within the same function, is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year and exceed \$5,000 in cost are capitalized. Infrastructure assets such as levees, roads and bridges are also capitalized along with interest on debt incurred during construction. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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Operating/Non-Operating Revenues

Proprietary funds separately report operating and non-operating revenues.

Restricted Net Position

Restricted net position are those for which a constraint has been imposed either externally or by law. The District recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net assets are used.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. General – accounts for all activities not required to be reported in another fund.

Basis of Accounting/Masurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

The type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the statement of net position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

in each fund, and long-term debt is reported.

The fund statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated. Principle and interest paid on long-term debt is reported as current expenses.

Budgets and Budgetary Accounting: Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1st of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by 5% or more and/or projected expenditures are expected to be more than budgeted amounts by 5% or more. All budget appropriations lapse at year-end. The budgetary information included in the accompanying financial statements includes the original and subsequent amendments.

Cash and Cash Equivalents: Cash includes amounts in interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the District includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Receivables: Receivables are recorded net of any allowance for uncollectible amounts in both governmental and business-type activities. Revenues become susceptible to accrual when they become both measurable and available.

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Capital Assets: The District's assets are recorded at historical cost or estimated historical cost if actual is not available. Donated fixed assets are recorded at their estimated fair value on the date of donation. Its policy is to capitalize assets with an original cost of \$5,000 or more. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings/improvements	10-20 years	Machinery/equipment	3-10 years
Infrastructure	20-50 years	Furniture/office equipment	3-10 years

Compensated Absences: The District has two employees. Its liability for annual leave accumulated but unused amounted to \$7,995.96 based on the current hourly rates.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of government activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. The District does not have any long-term obligations with the exception of compensated absences and other post-employment benefits discussed later.

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets, deferred outflows, liabilities and deferred inflows is recorded as net position. The three components of net position is as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component s of net position.

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose.

Property Taxes: Article 6, Section 39 of the Louisiana Constitution of 1974 provides that, for the purpose of constructing and maintaining levees, levee drainage, flood protection, hurricane flood protection and all other purposes incidental thereto, the District may levy annually a tax not to exceed five mills. Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. They are levied in November, billed in December and become delinquent on January 1 of the following year.

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District does not have any deposits that fall within that category. The collected bank balances at December 31, 2012, was \$4,591,123. Deposits of the District are secured with \$500,000 through the FDIC and \$4,469,379 in pledged collateral.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

A summary of cash and cash equivalents (book balances) at December 31, 2012, is as follows:

Interest-bearing demand deposits	\$ 12,477.69
Savings	<u>4,456,901.79</u>
Total	<u>4,469,379.48</u>

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2012:

Ad valorem taxes	\$ <u>2,947,715.64</u>
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NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 303,873.37	\$.00	\$.00	\$ 303,873.37
Capital Assets, being depreciated				
Buildings and improvements	2,530.00	.00	.00	2,530.00
Less: accumulated depreciation	<u>2,530.00</u>	<u>.00</u>	<u>.00</u>	<u>2,530.00</u>
Net Buildings/Improvements	.00	.00	.00	.00
Infrastructure	9,283,119.87	2,705,990.21	.00	11,989,110.08
Less: accumulated depreciation	<u>1,116,018.75</u>	<u>239,782.20</u>	<u>.00</u>	<u>1,355,800.95</u>
Net Infrastructure	8,167,101.12	2,466,208.01	.00	10,633,309.13
Machinery and equipment	3,249,637.45	58,600.00	.00	3,308,237.45
Less: accumulated depreciation	<u>1,110,644.47</u>	<u>259,736.72</u>	<u>.00</u>	<u>1,370,381.19</u>
Net Machinery/Equipment	2,138,992.98	(201,136.72)	.00	1,937,856.26
Office furniture/equipment	12,925.00	.00	.00	12,925.00
Less: accumulated depreciation	<u>12,925.00</u>	<u>.00</u>	<u>.00</u>	<u>12,925.00</u>
Net Office Furniture/Equipment	.00	.00	.00	.00
Net Capital Assets, being depreciated	<u>10,306,094.10</u>	<u>2,265,071.29</u>	<u>.00</u>	<u>12,571,165.39</u>
Net Capital Assets	<u>10,609,967.47</u>	<u>2,265,071.29</u>	<u>.00</u>	<u>12,875,038.76</u>

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2012:

Accounts – trade	\$ 2,050.52
Salary withholdings and related payables	4,755.00
Accrued salaries	4,372.83
Compensated absences	<u>7,995.96</u>
 Total	 <u>11,178.35</u>

The District also has amounts due to other governmental agencies in the amount of \$172,506.45.

NOTE 6 – LEASES

Operating. The District leases office space and equipment on an annual basis. The terms of the current lease agreement are for the period March 1, 2012 through February 28, 2013, and includes access to professional staff (engineers, draftsman, surveyors, receptionist and IT services). The monthly rate is \$6,000 per month. During 2012, \$72,000 was paid.

Capital. The District does not have any capital leases.

NOTE 7 – RETIREMENT SYSTEM

Substantially all of the employees of the District are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 8% of gross salary to the plan, and the District is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

for the year ended December 31, 2012 was 25.6%, up from 22% in the prior year. Contributions to the System for the years ended December 31, 2012, 2011 and 2010, respectively, were \$52,286, \$24,264 and \$39,604.

NOTE 8 - OTHER POST-EMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Board's employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (0-9 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or her and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2012, this amount ranges from \$315 to \$341 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare. Premiums paid for retiree and spouse range from \$1,164 to \$1,261 per month for those with Medicare or \$1,710 to \$1,853 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the District.

OPEB Cost/Obligation. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used.

The total ARC for the year beginning December 31, 2011, is as follows:

Normal cost	\$ 5,100
30 year UAL amortization amount	<u>500</u>
Annual Required Contribution (ARC)	<u>5,600</u>

The District's OPEB obligation for the year ended December 31, 2012, is as follows:

Annual required contribution/OPEB Cost	\$ 5,600
Contributions made	-0-
Net OPEB obligation, beginning	<u>5,600</u>
Net OPEB obligation, ending	<u>11,200</u>

Funding Status and Funding Progress. As of December 31, 2012, the District had not made any contributions to its post-employment benefits plan trust. A trust was previously established but has not been funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 6,800
Covered payroll (active employees)	164,000
UAAL as a percentage of covered payroll	4%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.5% and 10.75% for pre-Medicare and Medicare eligible scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on an open basis. The amortization period is thirty years, the maximum allowed by GASB 45.

NOTE 9 – RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure in the accompanying statements.

NOTE 10 – LITIGATION

The District was involved in two lawsuits at the close of the year. Both have been on-going for some time with one not anticipated to have any financial impact on the District. The other lawsuit provided for a settlement to be paid by the District, but it is currently being considered for appeal.

NOTE 11 – SUBSEQUENT EVENTS

One of the lawsuits mentioned in note 10 above had been previously settled in the District's favor. On appeal, the District was ordered to pay \$650,000 plus interest during the early part of 2013. The District plans to appeal but with no guarantee that it will succeed in either having the original decision stand or in reducing the claim to a more reasonable amount.

AGREED-UPON PROCEDURES

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

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3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners of the
North Lafourche Conservation, Levee and Drainage District
627 Jackson Street, Suite A
Thibodaux, Louisiana 70301

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable".

Management of the North Lafourche Conservation, Levee and Drainage District, a component unit of the State of Louisiana, is responsible for its financial records, establishing internal controls over financial reporting and compliance with applicable laws and regulations. These procedures were agreed to by management of the North Lafourche Conservation, Levee and Drainage District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the North Lafourche Conservation, Levee and Drainage District's compliance with certain laws and regulations during the year ended December 31, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

General

1. Determine if there are adequate written policies and procedures for the primary financial and business functions of the entity.

No exceptions noted.

2. Perform analytical procedures comparing current and prior year financial statements by line item. Identify and obtain explanations for variances of 10% or greater for line items and/or 10% or more of the respective assets, liabilities, equity, revenues and expenses.

No exceptions noted.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

This was accomplished for each bank account maintained by the District.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

No exceptions noted.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal or calendar year agrees to the general ledger.

No exceptions noted.

Credit Cards

1. Obtain from management a listing of all active credit/debit cards for the period under examination, including the card numbers and the names of the persons who maintained possession of the card.

This information was provided.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most activity:

a. obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

1. determine if each purchase is supported by:
 - i. an original itemized receipt;
 - ii. documentation of the business/public purpose;
 - iii. other documentation as may be required by policy; and

2. determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law.

b. determine if there is evidence of management review of the two selected statements.

No exceptions noted.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

a. obtain all of the expense reimbursement reports of each selected person, including the supporting documentation and choose the largest expense report from each person to review in detail:

1. determine if each expenditure is:

- i. reimbursed in accordance with written policy and applicable laws;
- ii. for an appropriate and necessary business purpose relative to the travel; and

2. determine if each expenditure is supported by:

- i. an original itemized receipt;
- ii. documentation of the business/public purpose;
- iii. other documentation as may be required by policy; and

3. determine if each expense report was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

1. Review accounting records for the period under examination to identify individuals/businesses being paid for contracted services. Select five "vendors" that were paid the most money during the period and determine if there is a formal/written contract that supports these services arrangement.

No exceptions noted.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period - (1) services; (2) materials and supplies; and (3) public works.

a. obtain the selected contract and the related paid invoices and:

1. determine if the contract is a related party transaction by obtaining management's representation; and

2. determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:

- i. if yes, determine if the entity complied with all requirements; and
- ii. if no, determine if the entity provided an open and competitive atmosphere for the transaction/work; and

3. determine if the contract was amended:

- i. if so, determine whether the original contract contemplated or provided for such an amendment; and
 - ii. determine if the amendment is outside of the scope of the original contract:
 - a. if so, whether it should have been separately bid and contracted; and
4. select the largest payment from each of the three largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract; and
5. determine if there is documentation of board approval, if required.

No exceptions noted.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:
 - a. determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure; and
 - b. determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

No exceptions noted.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:
 - a. determine if all employees are documenting their daily attendance and leave; and
 - b. determine if supervisors are approving, in writing, the attendance and leave of all employees; and
 - c. determine if the entity is maintaining accurate written leave records on all eligible employees.

No exceptions noted.

3. Select the two largest termination payments made during the period under examination. Determine if the payments were supported by adequate documentation made in strict accordance with policy and/or contract and properly approved.

Not applicable.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Copies were obtained.

2. Trace the budget adoption and amendments to the minute book.

The adoption and subsequent amendment was traced to the minute book.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

No exceptions noted.

Debt

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable.

2. Determine compliance with applicable debt covenants.

Not applicable.

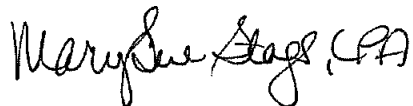
Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Not applicable.

We were not engaged to perform, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the North Lafourche Conservation, Levee and Drainage District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:515, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Corporation
Baker, LA
May 16, 2013

SUPPLEMENTAL SCHEDULES AND INFORMATION

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted (GAAP Basis)</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,651,000.00	\$ 3,144,500.00	\$ 3,999,650.53	\$ 855,150.53
Investment earnings	10,000.00	13,500.00	13,430.82	(69.18)
Refunds/reimbursements	200.00	1,150.00	1,154.35	4.35
Grants and contributions	222,300.00	75,288.00	75,276.99	(11.01)
Total Revenues	2,883,500.00	3,234,438.00	4,089,512.69	855,074.69
EXPENDITURES				
Audit	2,900.00	2,975.00	1,875.00	1,100.00
Dues & subscriptions	5,000.00	6,600.00	4,573.61	2,026.39
Information technology	5,600.00	16,025.00	15,976.28	48.72
Insurance - general	100,000.00	89,140.00	89,135.00	5.00
Insurance - group	22,000.00	22,000.00	21,839.00	161.00
LASERS retirement	50,000.00	52,000.00	52,286.45	(286.45)
Legal	35,000.00	29,000.00	28,945.95	54.05
Levee maintenance	595,000.00	598,565.00	581,489.09	17,075.91
Office expense	2,300.00	3,450.00	4,501.20	(1,051.20)
Pension fund expense	96,000.00	102,000.00	101,099.40	900.60
Professional services	160,000.00	237,100.00	236,882.11	217.89
Publications	4,000.00	5,300.00	5,300.61	(0.61)
Rent expense	72,000.00	77,200.00	75,660.00	1,540.00
Repairs/operation of equipment	88,500.00	132,472.00	-	132,472.00
Salaries - commissioners	12,000.00	10,300.00	10,425.00	(125.00)
Salaries - office	53,000.00	54,100.00	51,887.11	2,212.89
Salaries/allowance - director	175,000.00	150,000.00	152,186.03	(2,186.03)
Taxes - payroll	5,000.00	3,825.00	3,813.85	11.15
Telephone	3,500.00	4,615.00	4,596.27	18.73
Travel/mileage	20,000.00	10,525.00	10,484.07	40.93
Vehicle fuel/maintenance	-	2,760.00	2,688.05	71.95
Total Public Safety/ Flood Protection	1,506,800.00	1,609,952.00	1,455,644.08	154,307.92

Continued

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2012

	<u>Budgeted (GAAP Basis)</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay	\$ 3,270,000.00	\$ 2,620,303.00	\$ 2,764,590.21	\$ (144,287.21)
Total Expenditures	4,776,800.00	4,230,255.00	4,220,234.29	10,020.71
Net Change in Fund Balances	(1,893,300.00)	(995,817.00)	(130,721.60)	865,095.40
Fund Balances, beginning	7,374,206.92	7,374,206.92	7,374,206.92	-
Fund Balances, ending	5,480,906.92	6,378,389.92	7,243,485.32	865,095.40

See Independent Accountants' Compilation Report

**NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PER DIEM/COMPENSATION PAID TO BOARD MEMBERS
DECEMBER 31, 2012**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem or compensation paid to board members is presented for the year ended December 31, 2012.

<u>Name</u>	<u>Amount</u>
<i>Per Diem</i>	
Allen, Timothy	\$ 825.00
Babin, Lonny	1,725.00
Broussard, Sr., George	2,325.00
Clement, Daniel	750.00
Kief, Cory	.00
Maronge, Larry	1,425.00
Matherne, Kenney	2,025.00
Smith, Nolan	<u>1,350.00</u>
Total	<u>10,425.00</u>

See Independent Accountants' Compilation Report

NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2012

We have compiled the financial statements of the North Lafourche Conservation, Levee and Drainage District as of and for the year ended December 31, 2012, and have issued our report thereon dated May 16, 2013, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. We did not audit or review the accompanying financial statements nor did we express an opinion or any other form of assurance on them.

Section I Financial Statement Findings

2012.01 Compliance with Audit Law

Criteria. Louisiana Revised Statute 24:513 requires that an agreed-upon procedures report be submitted to the Legislative Auditor within six months of the close of an entity's fiscal year. This equates to June 30th for the District.

Condition. This deadline was not met for the year ended December 31, 2012.

Impact. The District is not in compliance with applicable laws.

Management's Response. We will ensure compliance in the future. This was an oversight by the accountant waiting on receipt of the data collection form.

**NORTH LAFOURCHE CONSERVATION, LEVEE AND DRAINAGE DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2012**

Section I Financial Statement Findings

2012.01 Compliance with Audit Law

Please refer to management's response in the schedule of findings and responses